



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: August 11, 1999
TO: Toni McCoy, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 990927-TX, Legends Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, PL, APC

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served.

Also Section 364.01 (3) and (4) states that:

(3) The Legislature finds that the competitive provision of telecommunications service, including local exchange telecommunications service, is in the public interest.

and

(4)(d) The Commission shall exercise its exclusive jurisdiction in order to: (d) Promote competition by encouraging new entrants into telecommunications markets . . .

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Legends Communications, Inc. (Legends) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Legends has inadequate liquidity, a low level of common equity, and reported a loss for the period.

In this matter, Legends is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is in the start-up phase and it projects profits in the first year of regular operation. The company's sole shareholder will provide necessary funding until profitability is achieved. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

Vertical list of initials: AFA, APP, CAF, CMU, CTR, EAG, LEG, MAS, OPC, PAI, SEC, WAW, OTH

cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

09604 AUG 12 99

STATE OF FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 990927-T  
LEGENDS COMMUNICATIONS, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

---

	<u>AS OF</u> <u>12/31/98</u>
CURRENT ASSETS	\$10,031
CURRENT LIABILITIES	33,976
CURRENT RATIO	0.30
CASH	9,238
COMMON EQUITY	108,930
TOTAL DEBT	412,954
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	521,884
COMMON EQUITY RATIO	21%
NET INCOME	(247,369)
RETURN ON EQUITY	-227%

STATE OF FLORIDA

Commissioners:  
JOE GARCIA, CHAIRMAN  
J. TERRY DEASON  
SUSAN F. CLARK  
JULIA L. JOHNSON  
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING  
BLANCA S. BAYÓ  
DIRECTOR  
(850) 413-6770

---

**Public Service Commission**

July 19, 1999

Connie Wightman  
Technologies Management, Inc.  
Post Office Drawer 200  
Winter Park, Florida 32790-0200

Re: Docket No. 990927-TX

Dear Ms. Wightman:

This will acknowledge receipt of an application for certificate to provide alternative local exchange telecommunications service by Legends Communications, Inc., which was filed with this office on July 16, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Please make notes as well that Commission Rule 25-22.005(7), F.A.C., requires certificated companies to notify the Commission of any changes in name, telephone, address, or contact person. Should your application be granted by the Commission, you will be expected to comply with this rule by advising us of any changes as they occur.

Division of Records and Reporting  
Florida Public Service Commission